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Law Enforcement Officers' & Firefighters' Plan 2 Retirement Board  
P.O. Box 43113  
Olympia, Washington 98504-3113

Chairman Fox and Members of the Board:

There follow the results of our actuarial review of the LEOFF 2 contribution rate increases contained in the Fiscal Note for HB 1205 (granting certain Fish and Wildlife Law Enforcement Officer's membership in LEOFF 2).

## Background

HB 1205 provided prospective membership in LEOFF 2 for employees who were members of PERS 2 or PERS 3 on or before January 1, 2003 and employed on the effective date of the Act as Fish and Wildlife Law Enforcement Officers. The effective date of HB 1205 was July 27, 2003.

The Fiscal Note for HB 1205 was written by the Office of the State Actuary (OSA). It provided the impact of HB 1205 on LEOFF 2 contribution rates as of the last statutory valuation date (September 30, 2001). A comparison of the current and recommended contribution rates is shown below.

	LEOFF 2 Contribution Rates:		
	Current	HB 1205 Increase	New
Employee	5.05%	0.02%	5.07%
Employer	3.03%	0.01%	3.04%
<u>State General Fund</u>	<u>2.02%</u>	<u>0.01%</u>	<u>2.03%</u>
Total	10.10%	0.04%	10.14%

If adopted, the estimated date for implementation of the new contribution rates is February 1, 2004.

## **Results of Review**

### ***Member Data***

Based on identifying information supplied by the Department of Fish and Wildlife, the Office of the State Actuary pulled data records from the September 30, 2001 valuation dataset for Fish and Wildlife Law Enforcement Officers eligible for transfer to LEOFF 2. Based on a general review and assuming that the correct officers were identified by the Department of Fish and Wildlife, information contained in the dataset appears reasonable.

### ***Methodology***

We reviewed the methodologies and assumptions contained in the fiscal note and consider them appropriate. The approach used was reasonable and consistent with accepted actuarial theory.

### ***Contribution Rates***

We independently calculated the increases in the LEOFF 2 Actuarial Present Value of Projected Benefits and contribution rates for HB 1205. The results of our calculations agreed with both the increase in the LEOFF 2 Actuarial Present Value of Projected Benefits (\$8 million) and the recommended LEOFF 2 contribution rates contained in the fiscal note.

### ***Conclusions***

Contribution rates shown in the Fiscal Note were produced in accordance with Generally Accepted Actuarial Standards and Actuarial Standards of Practice and are appropriate for the funding of LEOFF 2 with an estimated implementation date of February 1, 2004.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Sincerely,

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